



City of Tigard

Tigard Workshop Meeting - Minutes

TIGARD CITY COUNCIL

MEETING DATE/TIME: January 17, 2011 – 6:30 p.m. – Workshop Meeting

MEETING LOCATION: City of Tigard – Town Hall, 13125 SW Hall Blvd., Tigard, OR 97223

1. WORKSHOP MEETING

A. At 6:34 p.m. Mayor Dirksen called the Tigard City Council to order.

B. Deputy City Recorder Krager called the roll

	<u>Present</u>	<u>Absent</u>
Council President Buehner	✓	
Mayor Dirksen	✓	
Councilor Henderson	✓	
Councilor Wilson	✓	
Councilor Woodard	✓	

C. Pledge of Allegiance

D. Council Communications & Liaison Reports – Council President Buehner will give an update on the Intergovernmental Water Board at the end of the meeting.

E. Call to Council for Non-Agenda Items – None.

2. JOINT MEETING WITH THE BUDGET COMMITTEE

Budget Committee Member James called the meeting to order. Present were: Citizen Budget Committee Members Cameron James, Chris Henn, Clifford Rone, and Melody Graeber. Council Budget Committee Members Mayor Dirksen, Council President Buehner, Councilor Wilson, Councilor Henderson, and Councilor Woodard. City of Tigard staff: City Manager Wine, Finance and Information Services Director LaFrance, and Assistant and Finance Director Smith-Wagar.

Finance and Information Services Director LaFrance said Alternate Zoe Monahan and Chair Goodrich sent regrets that they were unable to attend.

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Finance and Information Services Director LaFrance distributed a Budget Committee Agenda and attachments. These are included in the packet for this meeting.

FY 2011 Audit Update

Budget Committee Member Smith-Wagar discussed the FY 2011 audit. She said the completion date was extended to January 31, 2012, partly due to having new auditors and city staff changes presented a challenge. She said the audit was more thorough this year and they had some recommendations, which will be presented to council. She strongly suggested that an audit committee be formed and said a discussion with council regarding the committee and its bylaws, etc. will be scheduled within the next few months.

Second Quarter Financial Report

Finance and Information Services Director LaFrance discussed the Second Quarter Financial Report. He said finances appear to be on target overall and the city is within budget. He said there are a few areas staff is watching, such as development revenues, which are less than expected. The building department has taken steps to help that through adjusting staffing levels. He said a second supplemental budget is scheduled for a council meeting in February. A slate of items for the supplemental budget amendment and their approximate impact is listed in the attachment.

In response to a question from Budget Committee Member Buehner regarding past problems receiving gas tax revenues, Finance and Information Services Director LaFrance said it appears the delay is due to timing, which results in a two month lag time.

Planning for the Next Budget Cycle

Finance and Information Services Director LaFrance said a copy of the budget cycle presentation given to the executive staff and supervisors was included in the packet. Budget Committee Member Dirksen suggested that if any Budget Committee member has questions on the FY 2013 budget process they should call or email Finance and Information Services Director LaFrance.

City Manager Wine and Finance and Information Services Director LaFrance gave a presentation on where the City is, and presented information to guide the preparation. She said the top two things that will guide and influence her while preparing the budget message are the community survey and the council goals.

- She gave an overview of answers to the community survey, noting the top two issues are transportation and traffic congestion. She noted that the city will be achieving much this year and her focus and direction to staff as they work on the budget is on the highest priorities; what falls out of that will form the reductions. She said, “I will be looking at the things the community identified in the survey and we will be doing those things first, second and third. In order to set those priorities I will be looking at how to align our available resources with those top priorities.”

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- Council met on December 6, 2011 to set their annual goals and she gave a short overview of how the goals impact the budget. She listed Council's priorities:
 - Moving forward with the Lake Oswego/Tigard water partnership
 - Park bond acquisitions (two years left in the bond period)
 - Tigard Municipal Code revisions, including urban forestry and the tree code
 - Contributing to the regional efforts in the Southwest Corridor for High-capacity Transportation
 - Financial Sustainability - Maintain general fund health and a commitment to communication with residents so they know about the choices ahead
 - Focus on attracting tenants to vacant downtown properties
 - Reconsidering the annexation of islands and unincorporated areas
 - Discussion on pursuing a recreation program and what the city's involvement might be

Finance and Information Services Director LaFrance said, "Two years ago we were in the midst of the largest recession in memory. We had to make \$2.3 million in reductions, including 17 staff and service reductions. When this was done we did not know how long the recession would last. Optimists said two years. It is two years later and the recession is over but the recovery has not appeared." He said when the reductions were made the city also wanted to sustain resources so there would be a general fund balance of \$5.5 million at the end of each fiscal year. He said the good news is that with the reductions done two years ago we have been able to sustain our services for the last two years and at the present time the forecast is that the city will end the 2012 fiscal year with a general fund balance of \$5.5 million.

Finance and Information Services Director LaFrance said however, the city is experiencing a structural deficit in the way services are funded. He noted that Mayor Dirksen referred to this in his recent State of the City address. Our expenditures are growing at a rate that is approximately double the rate that the revenues in the general fund are growing. He said the city needs to regularly make reductions unless something is done to bring those two rates into alignment.

Finance and Information Services Director LaFrance said that based on the last four years of actual experience, rather than target a certain dollar amount at the end of the fiscal year it is more accurate to target a percentage carried over in the general fund. We need approximately 22% in the fund balance at the end of 2012 to pay expenses until property taxes are collected in November. He showed a slide with a graph illustrating revenues and expenses. He said, "This fiscal year, even with the \$5.5 million target that we set two years ago, if we don't make any changes, that amount will be about \$1.2 million less than what we need to pay our bills until property taxes are collected."

City Manager Wine described how the city is managing the current year's expenses to reach this target, including delaying projects and purchases and holding positions vacant.

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Budget Committee Member Buehner said a similar graph was presented about ten years ago. She wanted the newer members of the Budget Committee to realize “This is not where we are going. This shows where we will go if we don’t make adjustments.” Budget Committee Member Wilson countered that there is a difference this time, “In the past we were able to hire people and still meet our goals. Then a few years ago, we cut people and we are going to have to cut people again. We used to fund that difference through growth but that is not happening anymore.” City Manager Wine said what the Budget Committee is going to see from staff in their first look at the 2013 budget is her long-term goal to right-size expenditures to fit within resources. There are things that we have to give and we are looking now at the expenditure situation. At some point we need to discuss ways to increase revenues.

In response to a question from Budget Committee Member Henderson, Finance and Information Services Director LaFrance said roughly half of the \$30 million budget is for personnel. He said the city will have a sufficient fund balance for the next few years to pay the bills but the structural deficit has an effect. City Manager Wine said hold-the-line budgets are due from departments tomorrow, with an additional exercise to identify further reductions. She said she wants to do the absolute best with the available resources and the message to staff is, “Do the best with what we have.”

Budget Committee Member Buehner said the city does not have control over growth for certain costs such as gas rates and health insurance costs. She said she would prefer not to see the city go through layoffs every year because it is extremely painful and stressful, especially with the bumping process. She suggested educating people about the costs that cannot be controlled and stressing that the city cannot take care of it entirely by cutting positions. City Manager Wine said she challenged the city managers to talk to the unions about making changes such as doing the work differently; changing classifications or program structures and asking ourselves to be creative as possible to preserve the workforce. But she said personnel costs are one of the biggest items in the budget and they must be considered in the realigning of expenses.

Budget Committee Member Wilson expressed an interest in reviewing the number of FTE’s per capita the city had at the time of the property tax limitations compared to the present. He said in the past unions have been reasonable but it might be valuable to measure this against the private sector, asking if the city needs more revenue or more controls. Finance and Information Services Director LaFrance responded that the budget document contains some FTE history but staff could provide this on a larger scale.

Budget Committee Member Dirksen asked staff to look at inflation and the dollars spent per capita, adjusted for the Municipal Price Index. Budget Committee Member Wilson said that would just measure Tigard against other cities and what he is interested in is whether or not the citizens are getting the same amount of services for inflation-adjusted dollars as previously. City Manager Wine commented that such an examination would not consider legislation or laws that have made it necessary to hire staff.

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Budget Committee Member Dirksen said on his first day on the council he knew this was going to happen at some point in the future. He said a few years later council discussed going out for a local option bond. They talked to citizens and asked if the city was spending its money on the right things and do they support the amount. The answer received was “yes.” He suggested empaneling another citizen group to present council with specific information and recommendations for a path (either cutting services or seeking a supplemental levy).

Budget Committee Member Buehner agreed with creating another panel to reexamine this. Budget Committee Member Woodard said he liked where this discussion was going, noting, “The city almost has to operate more on a business level if it is going to survive. It is about looking for opportunities.” He agreed with Budget Committee Member Buehner about the effects of cutting employees because knowledge and expertise are lost. He said however, there is room for improvement and the city needs to find out if there are redundancies or ways to improve efficiencies. He said he looks forward to the Public Works Department finding savings through preventive maintenance.

Finance and Information Services Director LaFrance said staff will be bringing to the Budget Committee a balanced budget. He asked members to make a note of the Budget Committee meeting days and advised that the later dates may not be necessary.

Budget Committee Member Dirksen pointed out to the new Budget Committee members that the discussion may seem all gloom and doom, but the funds being discussed are general fund services such as police, parks and libraries. He said other funds charge for services including water and sewer, are in good shape. He noted that money for the water partnership with Lake Oswego does not come from the general fund and is not affected by these financial problems.

Finance and Information Services Director LaFrance said there will be training for Budget Committee members to help them understand the aspects of each fund and other background information such as Oregon budget law. Budget Committee Member Buehner said she has been on a state committee, and thinks Tigard is in much better condition than some other cities. She said some counties and cities are becoming insolvent. She said, “The law we are currently operating under is designed for every county and city to go bankrupt. Hopefully, this will be addressed by the voters.”

Long-Term Strategic Financial Plan

Finance and Information Services Director LaFrance introduced Jenni Lipscomb and Kathy Taylor, consultants hired to help with the Long-Term Strategic Financial Plan.

He said council goals identified financial stability as one of the items. One of the bulleted items under this goal is that council wants to have a long-term strategic financial plan by mid-2012. Once the 2013 budget is adopted we can start using the plan to see what can be done to get additional alignment on expenditures and revenues.

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Consultant Kathy Taylor discussed their approach and implementation plan. She said they will begin by collecting data and identifying issues and policy decisions that will be required. Their goal is to develop a long-term plan that will be reviewed by the Budget Committee and adopted by Council. She said it is important to note that the report will be a snapshot in time and the real significance of a strategic plan is the process and evaluation.

Consultant Jenni Lipscomb said deliverables will include a summary of issues and impacts on service levels, citizens, and legislation or legal impacts. They will study internal requirements relating to master plans or surveys. The consultants will also look at risks involved in going forward or not going forward with any recommendation. They will discuss policy implications and financial projections. White papers will be created for each of the major issues staff and the consultants identified for the organization, including a financial analysis.

Councilor Henderson asked about the project timeline. Consultant Taylor said they hope to have an adopted plan in June. It will cycle through with the budget process. Finance and Information Services Director LaFrance said this document will go to the Budget Committee for their comments and concerns at the budget meetings in April and May and then this will be adopted as a financial plan. He reiterated that this plan will not be informing the FY 2013 budget process but is a plan that the city can start to implement during FY 2013.

Finance and Information Services Director LaFrance asked the Budget Committee to look at the outline on page 5 of the Long Term Strategic Financial Plan and give him feedback. Budget Committee Member Buehner said one issue that is not addressed is any recommendations or strategies the consultants may have for working with the state legislators and voters to revamp Measures 5 and 50.

Budget Committee Member Henn asked if there would be enough time to check with other cities or look at what Tigard has done to analyze and avoid reinventing the wheel. Historical research may help us with “lessons learned.” Budget Committee Member Buehner recommended using the report from 2003 and the 2005 Financial Strategies Workforce document would be valuable. Finance and Information Services Director LaFrance will add this to the “Policy implications, decisions required” section. Mayor Dirksen said the Budget Committee members may want to see copies of those reports too.

Finance and Information Services Director LaFrance asked the Budget Committee to give him a call if they have questions on any of the topics presented tonight.

Budget Committee Member Buehner asked if it was possible to get agenda packet items to them a day or two before each meeting. Finance and Information Services Director LaFrance said he will endeavor to do that.

Budget Committee Member James adjourned the budget committee at 7:41 p.m.

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3. BRIEFING ON INITIATING THE TRANSFER OF JURISDICTION OF A PORTION OF BARROWS ROAD TO THE CITY

Engineer McMillan gave a briefing on the transfer of Barrows Road near Scholls Ferry Road. The cities of Beaverton and Tigard agreed to take their portion of the bridge and road. The agreement for bridge maintenance has not been worked out yet but the IGA for the transfer will be on the January 24, 2012 consent agenda. Engineer McMillan said it was not reasonable to close the road due to the lack of a timeline for the Davies connection. When that connection is finally made, the bridge may be at the end of its useful life. Councilor Wilson said it was his understanding that as part of this transfer Tigard was going to receive some help from the county on traffic signals for 135th and Walnut. Council President Buehner agreed that there was talk about sharing the cost. City Manager Wine said the city is poised through other dialog with the county to discuss the transfer of roads throughout the city. She will make sure that is on the list.

4. BRIEFING ON PROPOSED UPDATES TO PARK SYSTEM DEVELOPMENT CHARGES

Parks Manager Martin introduced Consultant John Ghilarducci of FCS Group. Parks Manager Martin said the city issued a 90-day notice as required by law to update the park system SDC's. The methodology will be available for public review for 60 days prior to council consideration of the updated parks SDC's at the March 27, 2012 meeting. He said Consultant Ghilarducci would address what SDC's are, how they function and their basis.

Consultant Ghilarducci presented a PowerPoint on system development charges. A copy of his presentation is in the packet for this meeting.

Council President Buehner asked if this was based on existing city limits or if it takes into consideration of annexation. Mr. Ghilarducci said this was based on the current city population and land.

Councilor Woodard asked for the source of the numbers. Parks Manager Martin said they came from the Parks Master Plan. He said while citizens say they want more parks; there is no precise science. Mayor Dirksen said there are nationally recognized standards that cities try to follow, but they are not laws. Councilor Wilson said he read the Parks Master Plan and asked about the arbitrary needs analysis numbers. He asked what the definition of park capacity was.

Public Works Director Koellermeier said part of this was that Tigard had a finite edge and couldn't hit the standard of eleven acres so it was changed to nine. There is a deficiency because Tigard is not meeting the one and one-half acres per thousand.

Councilor Wilson said that even if a community had three acres per person, they may keep aspiring for more. Consultant Ghilarducci said some cities are now actually lowering this standard because of impacts to their general fund. Councilor Wilson suggested SDC's could

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be challenged if the numbers are not scientific. Mayor Dirksen said the city is allowed to charge SDC's for parks so we come up with a goal that is reasonable for our community and we are legally allowed to do this. He said Council needs to ask themselves if they are comfortable charging this amount.

Council President Buehner said she compares this to the transportation SDC's and asked, "How much are we adding to costs of new people moving in rather than our existing citizens."

Councilor Woodard asked about how parks are sustained after the land is purchased. Mayor Dirksen said this did not relate to the matter at hand and would discuss this offline with Councilor Woodard.

Councilor Henderson noted that the assessment would be low if a park is underdeveloped. Consultant Ghilarducci said all parks could be considered separately with a different SDC applied. Mayor Dirksen said most Tigard citizens have equal access to parks so we assume one amount.

Council President Buehner asked questions about adjusting the charge for the bond repayment. Consultant Ghilarducci said most cities index the charge and look at again in five years. There is no requirement to change the charges annually. Councilor Wilson said he had trouble justifying non-residential charges as they don't have time to use parks. Consultant Ghilarducci said the non-residential charge is for those who do not live in Tigard but work here.

Public Works Director Koellermeier distributed a table showing Tigard SDC's compared to what neighboring cities charge.

Councilor Wilson referred to the current economic climate and asked if it would make sense to delay the charges. Mayor Dirksen said high SDC's don't seem to have an effect on the growth in Sherwood, an example of a fast-growing city. Council President Buehner said if we don't add this to what new development pays, it falls back on the current residents. She said, "They stepped up for the parks bond measure and I don't want to see them taken advantage of."

Public Works Director Koellermeier said the methodology was discussed with the home builders group. He said that while they will most likely testify at the public hearing and might request a phase-in process, they understood the methodology.

Mayor Dirksen thanked the consultants and said the report was very well done.

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5. DISCUSSION ON CITY COUNCIL BUDGET

Assistant City Manager Newton discussed the council budget that she prepared. She noted that all city departments were asked to present hold the line budgets. Changes to the council budget include:

- Reduced mayorial stipend
- Office supplies - council is now being charged for copies
- Professional and contract services – not spent
- Legal fees – She wants to take a closer look at how council is using legal assistance
- Dues/Subscriptions – There is not a lot of flexibility.
- Travel/Training – The same amount as last year will be submitted.
- Special Dept. Expense
- TVCTV has reduced their costs for televising council meetings

She asked if Council had any questions. Council President Buehner expressed concern about rising airfares and said she wanted to make sure the amount budgeted for travel would be adequate.

Councilor Henderson said he wants to know what was spent by each councilor in the past five years. Assistant City Manager Newton said she will prepare this information and send it out in the council packet on Friday.

6. COUNCIL LIAISON REPORTS

Council President Buehner reported on the Intergovernmental Water Board (IWB) and said Tigard will need to address the update of the IWB agreement. It expires in 2017 but there is a provision within it that notice must be given prior to expiration.

Council President Buehner reported on Lake Oswego oversight committee meetings. She said the committee is receiving reports on various planning and engineering processes. There is a possibility that more chlorine will have to be added at the Bonita pump station because of how far the water has travelled. Thirty percent design drawings will be completed in February and available for discussion at a March council meeting. This will be a joint meeting with Lake Oswego. We are starting to put together the project budget for fiscal year 2013. This will also come to both city councils hopefully early enough to go into the city's budgets, or it will be an addendum. Mayor Dirksen added that the project has submitted the pre-application to the City of West Linn.

Councilor Woodard asked for an update on Maplewood neighborhood issues. Council President Buehner said they will be coming to a resolution in conjunction with the conditional use permit. Mayor Dirksen said other dialog is happening regarding providing mitigation for noise and disruption to the neighborhoods. Council President Buehner said any mitigation request must have a reasonable relationship to the water project. Councilor

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Henderson asked about using water as a tradeoff. Mayor Dirksen said the Lake Oswego/Tigard water project planning could provide them with a reasonable backup and noted West Linn recently experienced a supply problem. City Manager Wine said we need to impress upon the neighbors that their current water supply is vulnerable.

7. NON-AGENDA ITEMS – None.

8. EXECUTIVE SESSION - None held.

9. ADJOURNMENT

At 8:58 p.m. Councilor Wilson moved for adjournment. The motion was seconded by Council President Buehner and all voted in favor.

	Yes	No
Council President Buehner	✓	
Mayor Dirksen	✓	
Councilor Henderson	✓	
Councilor Wilson	✓	
Councilor Woodard	✓	

/s/Carol A. Krager

Carol A. Krager, Deputy City Recorder

Attest:

/s/ Craig E. Dirksen
Mayor, City of Tigard

Date: February 14, 2012

I/ADM/CATHY/CCM/Final/January/120117

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